

Message Text

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SUBJECT: STATUS REPORT ON PROJECTS OF TURKISH PETROLEUM CORPORATION
(TPAO) AND TURKISH PETROCHEMICAL CORPORATION (PETKIM)

REF: TEHRAN 7670

SUMMARY: THE STATE-OWNED TPAO AND PETKIM ARE THE TWO MAIN AGENCIES IN TURKEY RESPONSIBLE FOR IMPLEMENTING REFINERY AND PETRO-CHEMICAL PROJECTS. AT THE PRESENT TIME, TPAO HAS TWO MAJOR REFINERY EXPANSION PROJECTS UNDER-WAY. IT IS ALSO PLANNING TO CONSTRUCT A NEW REFINERY AND INTENDS TO ASK FOR BIDS FOR THIS PROJECT IN LATE 1976 OR EARLY 1977. BIDS FOR THE 14 PRODUCTION UNITS OF THE PETKIM ALIAGA PETROCHEMICAL COMPLEX HAVE BEEN RECEIVED AND ARE UNDER STUDY. PETKIM PLANS HOWEVER TO INVITE BIDS FOR A GENERAL CONTRACTOR'S SERVICES PROJECT FOR THIS COMPLEX IN EARLY 1977. END SUMMARY.

1. TPAO IS EXPANDING THE IPRAS REFINERY (IZMIT) FROM A PRESENT REFINING CAPACITY OF 8.5 MILLION TONS OF CRUDE PER YEAR TO 13.5 MILLION TONS PER YEAR. BADGER COMPANY WAS AWARDED THE ENGINEERING AND CONSULTING SERVICES CONTRACT ON THIS PROJECT WHILE U.O.P. WAS AWARDED THE PROCESS SERVICES CONTRACT. THE CONSULTING AND ENGINEERING SERVICES CONTRACT FOR THE EXPANSION PROJECT OF THE ALIAGA REFINERY (IZMIR) HAS BEEN AWARDED TO AN ITALIAN-TURKEY UNCLASSIFIED

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CONSORTIUM. A LICENSING AGREEMENT FOR THE SULPHUR UNIT AT ALIAGA

WAS CONCLUDED WITH PARSONS COMPANY.

3. RPAO IS CURRENTLY REVIEWING AN INTERNAL FEASIBILITY REPORT ON ITS PLANS FOR CONSTRUCTION OF A CENTRAL ANATOLIAN REFINERY. PRELIMINARY DATA INDICATES THAT THE REFINERY WILL HAVE A CRUDE PROCESSING CAPACITY

OF FIVE MILLION TONS PER YEAR AND WILL BE LOCATED NEAR ANKARA. DESIRED PRODUCT COMPOSITION OF THE NEW REFINERY IS 20 PERCENT GASOLINE AND LPG, 35 PERCENT DIESEL OIL AND KEROSENE AND 45 PERCENT FUEL OIL AND ASPHALT. TPAO PLANS TO SUPPLY THE REFINERY'S CRUDE BY CONSTRUCTION OF A PIPELINE SOUTH TO CONNECT THE REFINERY TO THE KIRKUK-

ISKENDERUN PIPELINE PRESENTLY NEARING COMPLETION. ESTIMATED COST OF REFINERY AND PIPELINE IS OVER \$550 MILLION WITH AN ANTICIPATED COMPLETION DATE OF 1980. TPAO HAS ALREADY MAILED LETTERS OF INTENT TO 12 SELECTED FOREIGN COMPANIES (INCLUDING SIX AMERICAN) AND HOPES TO CONCLUDE LICENSING AND CONSULTING AND ENGINEERING SERVICES CONTRACTS BY LATE 1976 OR EARLY 1977. FOREIGN FINANCING WILL BE A NECESSITY AND THE AVAILABILITY OF LOANS ON COMPETITIVE TERMS AND CONDITIONS IN ANY COMPANY'S FINANCING PACKAGE WILL GREATLY STRENGTHEN ITS CHANCES OF ULTIMATELY WINNING THE CONTRACT.

4. IN ADDITION TO THE ALREADY COMPLETED YARIMCA COMPLEX, PETKIM IS IN THE PROCESS OF ESTABLISHING A SECOND PETROCHEMICAL COMPLEX AT ALIAGA NEAR IZMIR. THIS ONE-BILLION DOLLARS PLUS COMPLEX CONSISTS OF 14 UNITS: NAPHTHA CRACKER, LOW-DENSITY POLYETHYLENE, HIGH DENSITY POLYETHYLENE, POLYPROPYLENE, POLYVINYL CHLORIDE, VINYLCHLORIDE MONOMER, ACRYLONITRILE, PHTHALIC ANHYDRIDE, CHLORIDE ALKALI, ETHYLENE OXIDE, ETHYLENE GLYCOL, AROMATICS, PURE TEREPHTHALIC ACID AND TRIPERCHLORETHYLENE. PETKIM HAS RECEIVED BIDS FROM INTERNATIONAL COMPANIES FOR ALL 14 UNITS. SOME BIDS HAVE BEEN AWARDED TO BRITISH AND JAPANESE COMPANIES AND LICENSES SIGNED WITH SOME AMERICAN COMPANIES. ACCORDING TO PETKIM, AMERICAN COMPANIES DID NOT SEEM TO BE AS INTERESTED IN THE ENGINEERING AND CONTRACTING WORK AS WERE OTHER FOREIGN COMPANIES. PETKIM ATTRIBUTES THIS TO THE UNAVAILABILITY OF COMPETITIVE AMERICAN FINANCING AS OPPOSED TO

READILY AVAILABLE FINANCING PROVIDED BY THE JAPANESE, BRITISH AND EUROPEANS. PETKIM IS STILL INTERESTED IN AMERICAN PARTICIPATION HOWEVER AND HOPES FOR A GOOD RESPONSE WHEN IT INVITES TENDERS FOR UNCLASSIFIED

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THE ALIAGA COMPLEX GENERAL CONTRACTOR'S SERVICES PROJECT IN EARLY 1977.

5. OFFICIALS LISTED BELOW INVITE CORRESPONDENCE FROM INTERESTED AMERICAN COMPANIES:

MR. MEHMET GOLHAN
GENERAL DIRECTOR

TURKIYE PETROLLERI A.O. (TPAO)
YENISEHIR, ANKARA, TURKEY

MR. FIRUZAN ARDIC
GENERAL DIRECTOR
PETKIM-PETROKIMYA A.S.
IZMIR CADDESI 26 - 28
YENISEHIR, ANKARA, TURKEY

MR. HIKMET GURSEY
DIRECTOR OF INVESTMENTS AND FINANCING
PETKIM-PETROKIMYA A.S.
IZMIR CADDESI 26 - 28
YENISEHIR, ANKARA, TURKEY

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